The Role of Identifying and Decoding Bottlenecks in the Redesign of Tax Curriculum

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Agenda

- Purposes of our study
- The "Decoding the Disciplines" (DtD) Model
- What is "taxation" and why is it difficult?
- Plans for curriculum and research design
- Dissemination and impact
- Next steps
- Our collaboration

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Purposes of Our Study

Curriculum

- Re-design our undergraduate tax program
    - New professional competency map for the CPAs
    - Expansion from 2 to 3 courses
    - A new, outcomes-based approach
    - Goal: improving student learning/understanding

- Identify and break down barriers to learning tax

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Purposes of Our Study

Research

•Adopt a research-informed approach to curriculum re-design

•Expand on DtD methodology by including faculty, students, and professionals

•Importance of Research Ethics process

•Disseminate and have an impact: LITE Grant (www.uwaterloo.ca/cte/lite-grants)

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Purposes of Our Study

- Engage our alumni

- Engage the accounting profession

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What is "Taxation"?

	Past	Future
Government	**Administration/ Enforcement**	**Design/ Policy**
Taxpayer	**Compliance**	**Planning**
Advisor	**Compliance/ Appeals**	**Planning**

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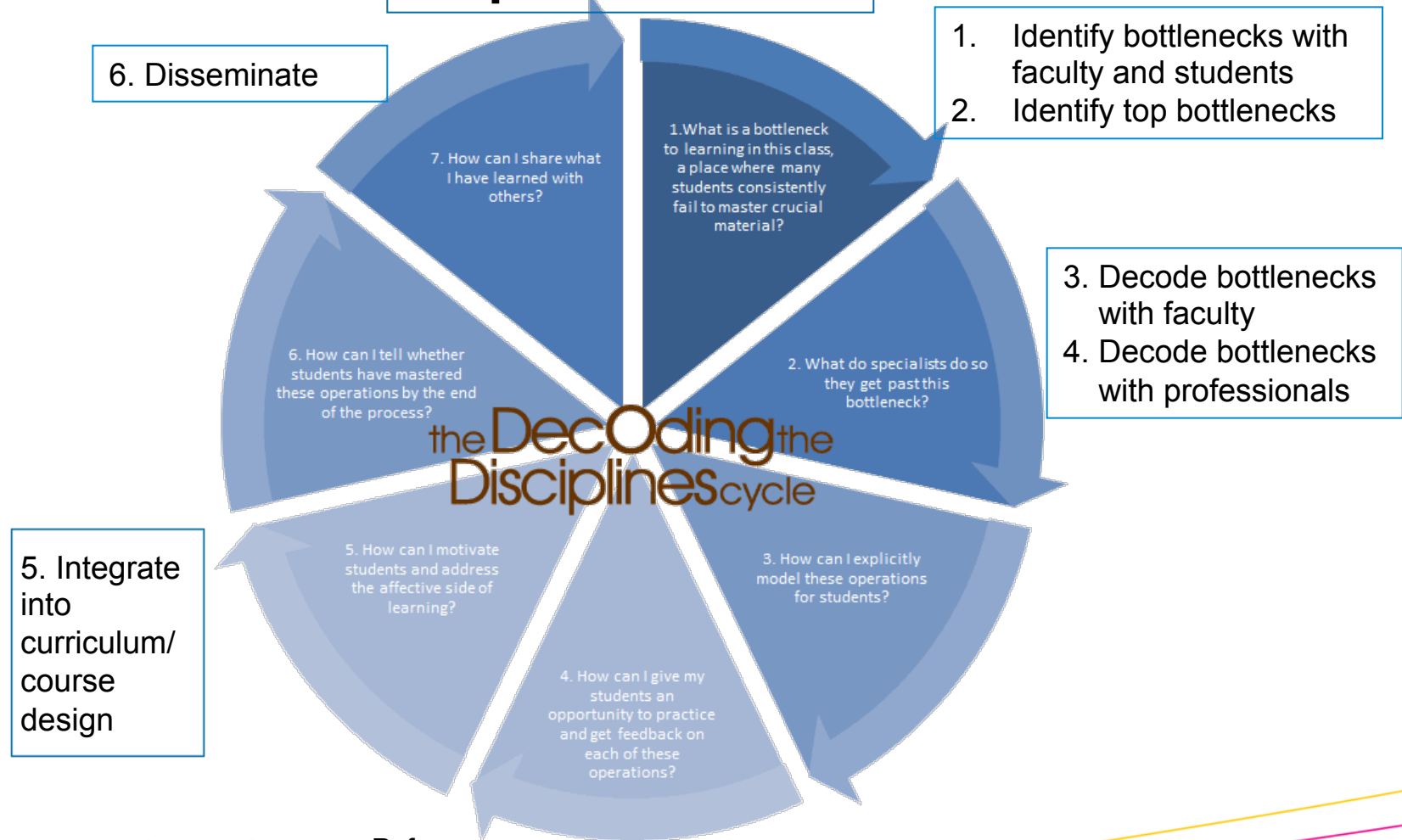**WATERLOO**

Why is Tax Difficult?

- Overwhelming volume
- A new language
- Not always one answer
- Integration and judgement required

Student response: Surface learning

Our response: How can we help students achieve deep learning?

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The "Decoding the Disciplines" (DtD) Model

Steps in Our Plan

6. Disseminate

1. Identify bottlenecks with faculty and students
2. Identify top bottlenecks

3. Decode bottlenecks with faculty
4. Decode bottlenecks with professionals

5. Integrate into curriculum/ course design

1. What is a bottleneck to learning in this class, a place where many students consistently fail to master crucial material?

2. What do specialists do so they get past this bottleneck?

3. How can I explicitly model these operations for students?

4. How can I give my students an opportunity to practice and get feedback on each of these operations?

5. How can I motivate students and address the affective side of learning?

6. How can I tell whether students have mastered these operations by the end of the process?

7. How can I share what I have learned with others?

the DecOding the Disciplines cycle

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Reference:
Dìaz, A., Middendorf, J., Pace, D., & Shopkow, L. (2011). *Definition of Decoding the Disciplines*. Retrieved from: http://decodingthedisciplines.org

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Our Plan

Plan

1. **Identify the bottlenecks with faculty and students**

2. Identify the top bottlenecks

3. Decode the top bottlenecks with faculty

4. Decode the top bottlenecks with tax professionals

5. Integrate into curriculum/ course design

6. Disseminate

Challenges – Step 1

- Very low response rate when 4th year students given open-ended request to identify bottlenecks

Response

- We asked faculty to identify potential bottlenecks

- Then asked students to rate 40 potential bottlenecks in terms of level of understanding and importance

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Student Survey

ACC 607 Questionnaire

No.	Potential Bottleneck	Bottleneck		Current Level of Understanding			Perceived Level of Importance		
		Yes	No	Low	Med	High	Low	Med	High
1	Being able to identify tax issues in a non-directed fact situation	Y	N	1	2	3	1	2	3
2	Being able to research a tax issue when it requires going beyond the text	Y	N	1	2	3	1	2	3
3	Being able to read and understand the *Income Tax Act*	Y	N	1	2	3	1	2	3
4	Understanding the structure of the *Act* and being able to find things in it	Y	N	1	2	3	1	2	3
. . .									
40	Understanding how different types of income earned in a corporation are taxed	Y	N	1	2	3	1	2	3

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Our Plan

Plan

1. Identify the bottlenecks with faculty and students

2. **Identify the top bottlenecks**

3. Decode the top bottlenecks with faculty

4. Decode the top bottlenecks with tax professionals

5. Integrate into curriculum/ course design

6. Disseminate

Challenges – Step 2

- How do we compile the student survey results to identify their bottlenecks?

Response

- Sorted by
  - High importance
  - Low, medium understanding

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Top 3 Chosen

No.	Potential Bottleneck	Hi Imp			Med Imp			Hi Imp
		Low Und	Med Und	Hi Und	Low Und	Med Und	Hi Und	Low/Med Und
1	Being able to identify tax issues in a non-directed fact situation	13	36	5	-	2	-	49
2	Being able to research a tax issue when it requires going beyond the text	14	28	-	2	6	-	42
3	Being able to read and understand the *Income Tax Act*	10	38	1	4	1	-	48
32	Recognizing and understanding the implications of an acquisition of control	20	18	2	13	14	1	38

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Our Plan

Plan

1. Identify the bottlenecks with faculty and students
2. Identify the top bottlenecks
3. **Decode the top bottlenecks with faculty**
4. Decode the top bottlenecks with tax professionals
5. Integrate into curriculum/ course design
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Step 3

3. Faculty provided their written decoding steps
- Results were compiled and sent to tax professionals

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Our Plan

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1. Identify the bottlenecks with faculty and students
2. Identify the top bottlenecks
3. Decode the top bottlenecks with faculty
4. **Decode the top bottlenecks with tax professionals**
5. Integrate into curriculum
6. Disseminate

Challenges – Step 4

- Tax professionals very busy
  - We did not want to ask busy professionals a series of open-ended questions to decode the bottlenecks
  - Faculty's decoding steps sent to professionals for their modifications
  - Final results shared with professionals

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"BEING ABLE TO IDENTIFY TAX ISSUES"
BOTTLENECK 1 – DECODED "STEPS"

An "issue" is something that might have tax implications and needs further analysis.

1. **What is my role?**
   a. Primary adviser – e.g. tax partner
   b. Supporting adviser – e.g. tax specialist reporting to manager or partner
   c. Person responsible – e.g. VP Tax, VP Finance

2. **Who is involved and whet do we know about them?**
   a. Draw a diagram indicating all of the parties involved and their relationships to each other
   b. Who is my client and what are their objectives?
   c. Develop a tax profile for each of the parties

3. **What are the transactions?**
   a. Identify all of the completed or planned transactions
   b. Draw one or more diagrams showing the transaction or series of transactions and all of the parties involved.
   c. Draw a timeline identifying dates of the completed or planned transactions
   d. What is the taxpayer's purpose for the transaction or sequence of transactions?
   e. Is this a transaction that would cause me to look for an anti-avoidance provision? e.g.
   f. How is the transaction accounted for? This may impact the plan.

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"BEING ABLE TO IDENTIFY TAX ISSUES"
BOTTLENECK 1 – DECODED "STEPS"

4. What is missing?

    a. Identify any information that you think is missing from what you have been given

    b. Look for gaps in the tax profile or missing information about a transaction

    c. Identify/list any assumptions you are making.

5. Based on the above, what are the issues?

    a. Identify all of the issues that are supported by the facts (tax and non-tax, accounting, finance, ethical, business, personal, etc.)

    b. Identify compliance vs. planning issues

    c. Are the benefits of the plan worth the cost of designing, implementing and maintaining the plan?

    d. Explain why these issues are relevant to the client

6. Which issues are more important?

    a. Use judgement to prioritize and group the issues in terms of importance to your role and importance to the client's objectives. Considerations include urgency, materiality and risk.

    b. Ask yourself:

    c. Are there non-tax issues that must be decided first?

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4. Decode the top bottlenecks with tax professionals
5. **Integrate into curriculum/course design**
6. Disseminate

Challenges – Step 5

Integrate into curriculum

- All 3 will not fit in one course

Response

- Introduce in stages
  - Tax 1 – "Identify the Issues"
  - Tax 2 – "Read the Act"
  - Tax 2 – "Acquisition of Control"

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Integrate into Curriculum
AFM Learning Outcomes – Tax

By the end of Tax 3 you will be able to:

- Identify tax and related finance, accounting, corporate law and ethical issues in completed or planned transactions
- Research the issues and analyze the alternatives
- Use judgement to decide on viable recommendations consistent with your role
- Communicate your findings

To be able to achieve the above, you will need to:

- Understand (describe/explain) how the tax system in Canada functions, why it is designed the way it is and the purpose behind specific provisions.
- Understand (describe/explain) a taxpayer's tax profile
- Understand the interaction of tax with finance, financial accounting and corporate law
- Identify the different sources of income &explain how they are taxed for individual and corporate taxpayers
- Calculate taxable income of individuals and corporations
- Calculate tax liability of individuals and corporations
- Be skilled at reading the *Act* and researching tax issues
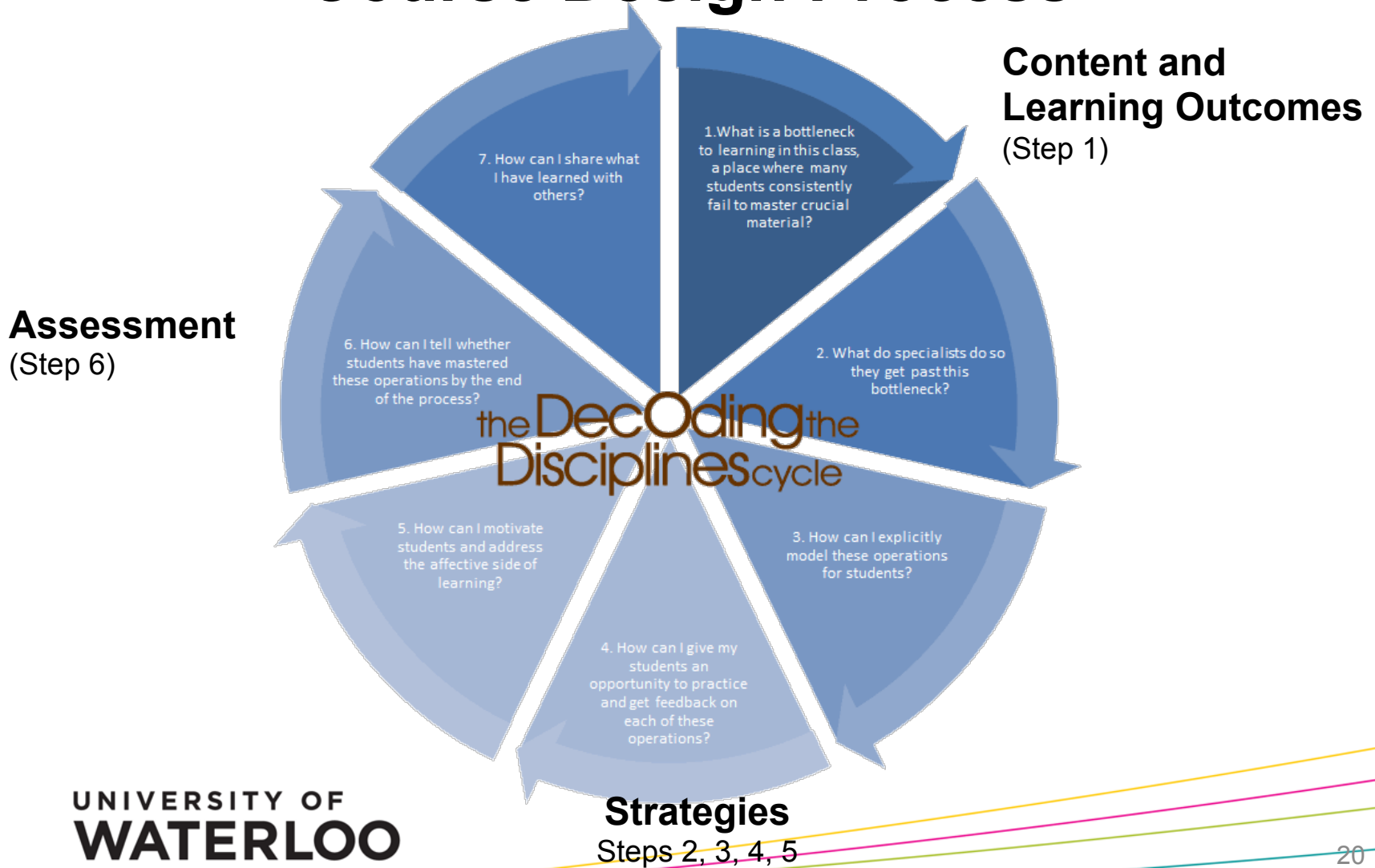- Communicate appropriately

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Integrate into Course Redesign

Course Design Model and Process
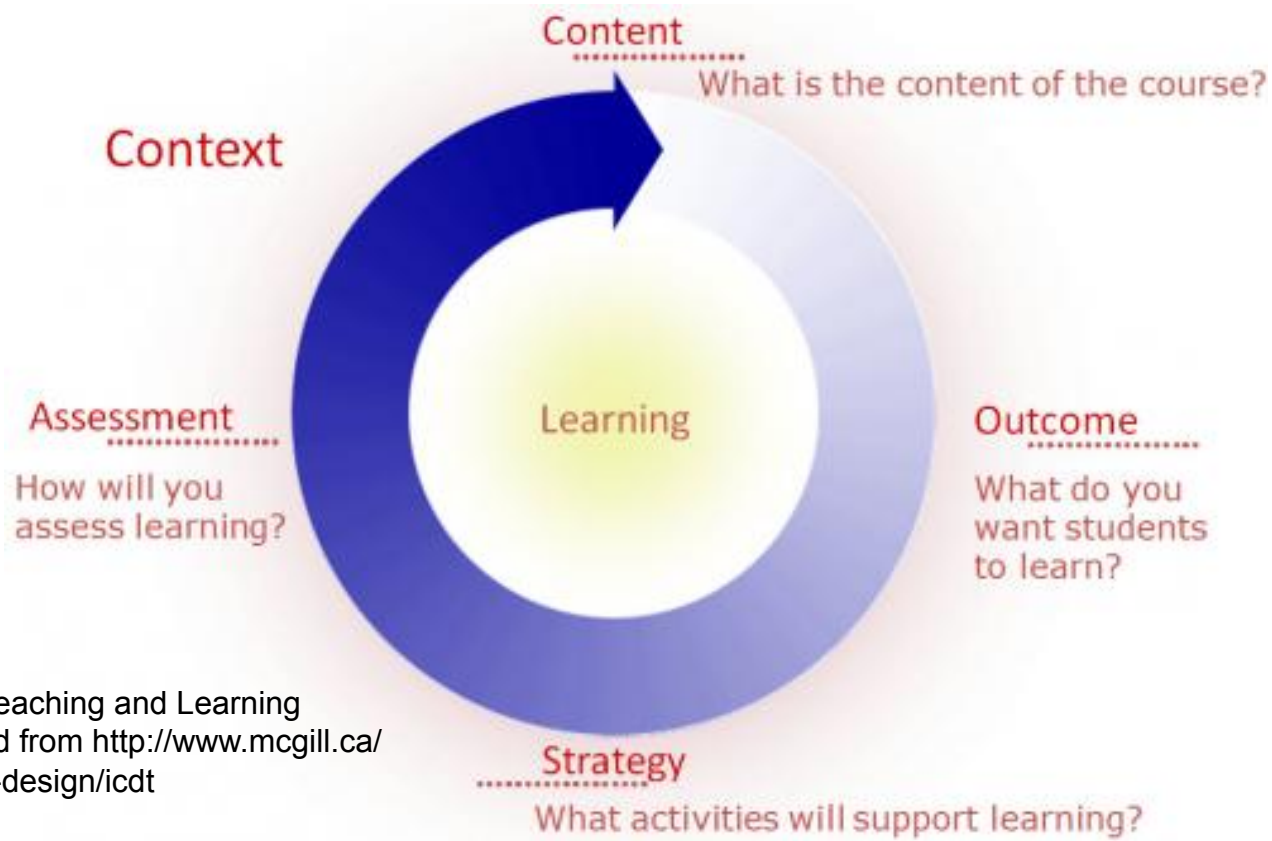
Reference:
McGill University, Teaching and Learning Services. Retrieved from http://www.mcgill.ca/tls/teaching/course-design/icdt

Relationship between DtD Cycle and Course Design Process

Content and Learning Outcomes
(Step 1)

Assessment
(Step 6)

Strategies
Steps 2, 3, 4, 5

the DecOding the Disciplines cycle

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5. Integrate into curriculum/ course design
6. **Disseminate**

Challenges – Step 6

Many different audiences

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Dissemination & Potential Impact

Micro (Individual) Students & tax faculty

Meso (Depart'l) School of Accounting and Finance
Course and curriculum re-design

Macro (Instit'l) uWaterloo OND Conference
Reporting on our LITE grant

Mega (Disc, Nat'l) STLHE Conference

Accounting profession – publications

Reference: Weston, C., Matushita, K., Berthiaume, D., and Timmermans, J. (2008, October). *A faculty development framework to capture the impact of our work*. International panel presentation at the International Society for the Scholarship of Teaching and Learning, Edmonton, Alberta.

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Next Steps

- Assess the results of classroom integration
  - Tax 1 – Fall 2013
  - Tax 2 – Spring 2014 – Look for evidence of improved understanding and skills

- Decode more bottlenecks in tax

- Expand research project to trace changes in understandings of bottlenecks throughout professional career

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Our Collaboration
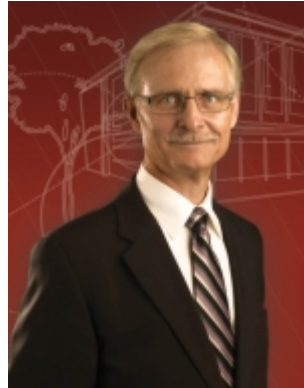
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